## CENTRAL COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

**JUNE 30, 2008** 

## TABLE OF CONTENTS

Officials		Page 4
Independent Auditor's Report		5-6
Management's Discussion and Analysis		7-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Stateemnts: Statement of Net Assets Statement of Activities Governmental Fund Financial Statements:	A B	17 18
Balance Sheet  Reconciliation of the Balance Sheet -  Governmental Funds to the Statement	C	19
of Net Assets	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -	E	21
Governmental Funds to the Statement of Activities	F	22
Proprietary Fund Financial Statements: Statement of Net Assets Statement of Revenues, Expenses and	G	23
Changes in Fund Net Assets Statement of Cash Flows Fiduciary Fund Financial Statements:	H I	24 25
Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets Notes to Financial Statements	J K	26 27 28-40
Required Supplementary Information	·	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances-Budget and Actual (Cash Basis)-All Governmental Funds and Proprietary Funds		42

(continued)

## TABLE OF CONTENTS (continued)

		Page
Notes to Required Supplementary Information- Budgetary Reporting		43
Other Supplementary Information	Schedule	
Nonmajor Governmental Funds: Combining Balance Sheet Combining Schedule of Revenues,	1	45
Expenditures and Changes in Fund Balances	2	46
Schedule of Changes in Special Revenue Fund, Student Activity Accounts Schedule of Revenues by Source and	3	47-48
Expenditures by Function-All Governmental Funds	4	49
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in		
Accordance with Governmental Auditing Standards		50-52
Schedule of Findings		53-55

## CENTRAL COMMUNITY SCHOOL DISTRICT

## Officials

•	Officials	<b>F</b>
Name	<u>Title</u>	Term Expires
(Ве	Board of Education efore September 2007 Election)	
Susan Ruhser	President	2007
Lori Bouska	Vice President	2007
Jolene Jansen	Board Member	2008
Kristin Fitzgerald	Board Member	2008
Robert Hankey	Board Member	2008
Rachel Jaster	Board Member	2009
Kevin Lau	Board Member	2009
	Board of Education	
(A	fter September 2007 Election)	
Susan Ruhser	President	2009
Lori Bouska	Vice President	2009
Jolene Jansen	Board Member	2008
Kristin Fitzgerald	Board Member	2008
Robert Hankey	Board Member	2008
Rachel Jaster	Board Member	2009
Kevin Lau	Board Member	2009
Brian Rodenberg	Superintendent	2008
Joyce Piorkowski	District Secretary/Treasurer	
•	And Business Manager	2008
Stephen D. Saunders	Attorney	2008

## Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

## STEVEN S. CLAUSEN, CPA

124A Main • P.O. Box 359 Elkader, Iowa 52043 (563) 245-2154 • (800) 310-2154

## Independent Auditor's Report

To the Board of Education of Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District, Elkader, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2009 on our consideration of Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be

considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 15 and 42 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elkader, Iowa 52043

January 16, 2009

Dietz, Donald "Company, CPA's

FEIN 42-1172392



Brian L. Rodenberg
Superintendent
563-245-1751
brodenberg@central.k12.ia.us
Dan J.Yanda
Jr. & Sr. High Principal
563-245-1750
dyanda@central.k12.ia.us
Troy D. Lentell
Elementary Principal
563-245-1472
tlentell@central.k12.ia.us

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

General Fund revenues increased from \$4,761,846 in fiscal 2007 to \$5,108,258 in fiscal 2008, while General Fund expenditures increased from \$4,816,042 in fiscal 2007 to \$5,131,633 in fiscal 2008. The District's General Fund balance decreased from \$130,908 in fiscal 2007 to \$107,533 in fiscal 2008, an 18% decrease.

The increase in General Fund revenues was due mainly to an increase in state foundation aid. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and transportation costs.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the

short term as well as what remains for future spending. Fund financial statements report Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School District acts solely as custodian for the benefit of those outside the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Governmental Funds.

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health and financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as the management levy or the property, plant and equipment levy.

### The District has three kinds of funds:

1. Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2. Proprietary fund: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.
  - The required financial statements for the proprietary fund include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.
- 3. Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund. In the Private-Purpose Trust Fund, the District accounts for outside donations for scholarships for individual students.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a statement of

fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net assets at June 30, 2008 compared to June 30, 2007 is provided below:

	Condensed Statement of Net Assets						
		sands)					
	Gove	rnmental	Busir	ess Ty	ре То	otal	Total
	Act	ivities	Act	ivities	Di	strict	Change
	Jur	ie 30	Ju	ne 30	Jun	e 30	June 30
	_2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 4,104	3,911	40	66	4,144	3,977	4.2%
Capital assets	_1,611	1,651	15	7	1,626	1,658	-1.9%
Total assets	5,715	5,562	55	73	<u>5,770</u> ,	5,635	2.4%
Long-term liabilities	107	156	0	0	107	156	-31.4%
Other liabilities	3,188	3,013	3	4	3,191	3,017	5.8%
Total liabilities	3,295	3,169	3	4	3,298	3,173	3.9%
Net assets:							
Invested in capital assets	1,547	1,537	15	7	1,562	1,544	1.2%
Restricted	808	768	0	0	808	768	5.2%
Unrestricted	65	88	<u>37</u>	62	102	150	-30.0%
Total net assets	<u>\$ 2,420</u>	2,393	52	69	2,472	2,462	0.4%

The District's combined net assets increased by over 0.4%, or approximately \$ 10,000 over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g. land, infrastructure, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$40,000.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$48,000 or 30%. This decrease in unrestricted net assets was a result of General Fund expenditures exceeding General Fund revenues by over \$23,000 and School Nutrition Fund expenses

exceeding revenues by nearly \$ 17,000.

The following schedule shows the change in net assets for the years ended June 30, 2008 and 2007.

	Changes in Net Assets							
	(Expressed in Thousands) Governmental Business Type Total Total							
		ctivities		etivities	-	trict	Change	
		ne 30,		me 30,		e 30,	June 30,	
	2008		2008	order or annual or annual mention of the supply of the sup	2008		2007-08	
			2000		2000	2001	2007 00.	
Revenues:								
Program revenues:								
Charges for service	\$ 431	409	151	119	582	528	10.2%	
Operating grants,								
Contributions, and								
Restricted interest	677	620	96	101	773	721	7.2%	
General revenues:								
Property tax	1,847	1,804	0	0	1,847	1,804	2.4%	
Local option sales and								
Service tax	321	-	0	0	321	333		
Income tax surtax	208		0	0	208	162		
Unrestricted state grants	2,314	2,132	0	0	2,314	2,132	8.5%	
Unrestricted investment								
Earnings	68		1	2	69	5.8		
Other	35	15	0	0	35	15	133.3%	
Total revenues	5,901	<b>5,53</b> 1	248	222	6,149	<i>5</i> ,753	6.9%	
Program expenses:								
Governmental activities:								
Instruction	3,721	•	0	0	3,721	-		
Support services	1,644	-	0	0	1,644			
Non-instructional programs	0		264	216	264	216		
Other expenses	511	422	0	0	511	422	21.1%	
Total expenses	5,876	5,439	264	216	6,140	5,655	8.6%	
Change in net assets	\$ 25	92	(16)	6	9	98	-90.8%	

In fiscal 2008, property tax and unrestricted state grants account for 67.7% of the revenues from governmental activities while charges for services and operating grants and contributions account for 99.6% of the revenue from business type activities.

The District's total revenues were approximately \$ 6.15 million of which \$ 5.90 million was for governmental activities and nearly \$ 248,000 was for business type activities.

As shown above, the District as a whole experienced a 6.9% increase in revenues and an 8.6% increase in expenses. Property taxes increased approximately \$ 43,000, unrestricted state grants increased approximately \$ 182,000. The increases in expenses related to increases in the negotiated salaries and benefits and transportation costs.

#### **Governmental Activities**

Revenues for governmental activities were \$ 5,901,276 and expenses were \$ 5,875,760. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net costs of the District's major governmental activities: instruction, support services, and other expenses.

	To	Total and Net Cost of Governmental Activities							
		(Expressed in Thousands)							
		Tot	al Cost of	<del> </del>	Net	Cost o	f		
	<b>(de</b> mi-militar	S	ervices		S	ervices			
			Change				Change		
	2008	2007	2007-08		2008	2007	2007-08		
Instruction	\$ 3,721	3,478	7.0%	\$	2,858	2,700	5.9%		
Support services	1,644	1,539	6.8%		1,597	1,499	6.5%		
Other expenses	 511	422	21.1%		312	211	<u>47.9%</u>		
Total	\$ 5,876	5,439	8.0%	\$	4,767	4,410	8.1%		

The cost financed by users of the District's programs was \$430,884.

Federal and state governments subsidized certain programs with grants and contributions totaling \$ 677,277.

The net cost of government activities was financed with \$2,375,929 in property and other taxes and \$2,314,201 in unrestricted state grants.

## **Business Type Activities**

Revenues for business type activities were \$ 247,584 and expenses were \$ 264,215. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

#### INDIVIDUAL FUND ANALYSIS

As previously noted, Central Community School District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed fiscal year 2008, its governmental funds reported a combined fund balance of \$ 915,750, a small increase over last year's ending fund balance of \$ 899,103.

## Governmental Fund Highlights

The District's decreased General Fund balance is the result of expenditures increasing 6.6%, while revenues increased 7.3%. This resulted in the General Fund balance decreasing by \$23,375 as compared to a \$58,901 decreased in FY07.

The Capital Projects Fund was started in 2004 to account for revenues from local option sales tax. For fiscal 2007, the Fund had revenues of \$ 343,370 and expenditures of \$ 343,630. For fiscal 2008, the Fund had revenues of \$ 351,996 and expenditures of \$ 286,801. Additionally, the Fund transferred \$ 53,056 out for debt service payments.

## **Proprietary Fund Highlights**

School Nutrition fund net assets decreased from \$ 68,478 at June 30, 2007 to \$ 51,847 at June 30, 2008, representing a decrease of approximately 24.3%. For fiscal 2008, the District's cost increased \$ 48,269, while revenues increased \$ 25,999.

#### **BUDGETARY HIGHLIGHTS**

The District's revenues were \$ 202,531 more than budgeted revenues, a variance of approximately 3.5%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services and non-instructional programs functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

### CAPITAL ASSET AND DEBT ADMINISTRATION

## **Capital Assets**

At June 30, 2008, the District had invested \$ 1.6 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents a net decrease of 1.9% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$ 156,206.

The original cost of the District's capital assets was \$ 4.5 million. Governmental funds account for \$ 4.4 million with the remainder being accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital assets during the year occurred in the furniture and equipment category, which increased \$ 37,922, primarily due to the purchase of a Thomas bus for \$ 71,771 and the sale of an old school bus with an original cost of \$ 48,370.

			-	•	net of D in Thous	-	ation	
		Gove	` ~		ness Typ	•	Cotal	Total
		Ac	tivities	A	ctivities	D	istrict	Change
	June 30,		J	June 30,		me 30,	June 30,	
		2008	2007	2008	2007	2008	2007	2007-08
Land Buildings Furniture and equipment	\$	101 1,183 327	101 1,228 322	0 0 15	0 0 7	101 1,183 342	101 1,228 329	0.0% -3.7% 4.0%
Total	<b>.</b>	1 (11			7			
TOIM	<u> </u>	1,611	<u> 1,651 </u>	15_		1,020	<u>1,658</u>	-1.9%

## **Long-Term Debt**

At June 30, 2008, the District has \$ 107,012 in other long-term debt outstanding. This represents a decrease of approximately 32% from last year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Outstanding Long-Term Obligations

	_		in thousands)	
		Total D	istrict	Total Change
	•	June	30,	June 30,
	· -	2008	2007	2007-08
Early retirement	\$	32	36	-11.1%
Compensated absences		10	7	42.9%
Revenue notes		65	114	-43.0%
Totals	<u>\$</u>	107	157	-31.8%

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years and expects that trend to continue. Taxable valuations in the District rose 3.2% to \$ 136,701,899.

Budgeted disbursements for fiscal year 2009 are \$ 164,755 more than the final budgeted amount for fiscal 2008, a 2.6% increase. The proposed property tax rate for 2009 is 13.45713 (per \$1000 taxable valuation) a 3.8% decrease from fiscal 2008.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Piorkowski, District Secretary, Central Community School District, 400 First Street NW, Elkader, Iowa 52043.

BASIC FINANCIAL STATEMENTS

## CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF NET ASSETS June 30, 2008

•	Governmental Activities	Business Type Activities	Total
ASSETS		110 021 1 1 1 1 1 1 1	10001
Cash and cash equivalents:			
ISCAP	\$ 612 <b>,</b> 955		612,955
Other	1,264,205	28 <b>,</b> 575	1,292,780
Receivables:			
Property tax:	07.010		07.010
Delinquent	37,819	_	37,819
Succeeding year	1,838,771	-	1,838,771
Accounts ISCAP accrued interest	11,491	963	12,454
	464	<del>-</del>	464
Due from other governments	338,159	256	338,415
Inventories	· –	10,489	10,489
Capital assets, net of accumulated depreciation	1,610,649	15,025	1,625,674
TOTAL ASSETS	5,714,513	55,308	5,769,821
LIABILITIES		······································	
Accounts payable	169,740	144	169,884
Salaries and benefits payable	353,651	436	354,087
Due to other governments	561	_	561
Deferred revenue:			501
Succeeding year property tax	1,838,771	,	1,838,771
Other	206,785	2,881	209,666
ISCAP warrants payable	608,000	·	608,000
ISCAP accrued interest payable	10,606	· -	10,606
Long-term liabilities:	•		•
Portion due within one year:			
Revenue notes	51 <b>,</b> 284	-	51 <b>,</b> 284
Compensated absences	10,307	_	10,307
Termination benefits	19 <b>,</b> 793	_	19,793
Portion due after one year:			
Revenue notes	13,135	***	13,135
Termination benefits	12,493		12,493
TOTAL LIABILITIES	3,295,126	3,461	3,298,587
NET ASSETS	•		
Invested in capital assets, net of related debt	1 5/6 000	15 005	
Restricted for:	1,546,230	15,025	1,561,255
Management levy	73,279	_	72 270
Physical plant and equipment levy	71,767		73,279
Local option sales tax capital	71,707	_	71,767
projects	507,665		507,665
Other special revenue purposes	155,506	_ _	
Unrestricted	64,940	26 011 26 011	155,506
TOTAL NET ASSETS		36,822	101,762
TOTUT HEL MODELS	\$ 2,419,387	51,847	2,471,234

CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF ACTIVITIES Year Ended June 30, 2008

Property tax levied for: General purposes Capital outlay Local option sales and service tax Income tax surtax Unrestricted state grants Unrestricted investment earnings Other Total general revenues Change in net assets Net assets beginning of year Net assets end of year	Non-instructional programs:	Depreciation (unallocated)  Total governmental activities  Rucines true activities	Facilities acquisition Long-term debt interest AEA flowthrough	Transportation Non-instructional programs	Student Instructional staff Administration Plant operation and maintenance	Instruction: Regular Special Other	FUNCTIONS/PROGRAMS:
	264,215 \$ 6,139,975	510,555 5,875,760	233,993 3,733 198,370	372,727 1,644,173 190	150,466 129,314 611,091 380,575	\$ 2,480,326 754,478 486,038 3,720,842	Expenses
	150,937 581,821	430,884	1 1 1	3,115 17,121	1,857 1,857 12,149	206,511 50,077 157,175 413,763	Program Revenues Oper Charges Grant for service Contri
	95,640 772,917	198,370	- 198,370	30,010	2,008 28,002	319,239 113,313 16,345 448,897	Revenues Operating Grants and Contributions
1,751,457 95,718 321,339 207,415 2,314,201 68,276 34,709 4,793,115 25,516 2,393,871 \$ 2,419,387	(4,767,599)	(312,185) (4,767,599)	(233,993) (3,733)	(369,612) (1,597,042) (190)	(148,458) (101,312) (609,234) (368,426)	(1,954,576) (591,088) (312,518) (2,858,182)	Net and Ch Governmental Activities
1,007 (16,631) 68,478 51,847	(17,638) (17,638)	1 1 1	1 1 1		1111	11111	Net (Expense) Revenue and Changes in Net Assets tal Business type es Activities
1,751,457 95,718 321,339 207,415 2,314,201 69,283 34,709 4,794,122 8,885 2,462,349 2,471,234	(17,638) (4,785,237)	(312,185) (4,767,599)	(233,993) (3,733) -	(369,612) (1,597,042) (190)	(148,458) (101,312) (609,234) (368,426)	(1,954,576) (591,088) (312,518) (2,858,182)	ets Total

## CENTRAL COMMUNITY SCHOOL DISTRICT BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2008

		General	Capital Projects	Nonmajor	Total
ASSETS	-			210222200	10002
Cash and pooled investments:				•	
ISCAP	\$	612,955	_	-	612,955
Other	•	541,444	426,122	296,639	1,264,205
Receivables:					
Property tax:					
Delinquent		33,201	<u></u> .	4,618	37,819
Succeeding year		1,540,302	-	298,469	1,838,771
Accounts		11,491	_	_	11,491
ISCAP accrued interest		464	_	_	464
Due from other governments	_	212,552	84,250	41,357	338,159
TOTAL ASSETS	\$	2,952,409	510,372	641,083	4,103,864
LIABILITIES AND FUND BALANCES Liabilities:					
Accounts payable	\$	166,328	2,707	705	169,740
Salaries and benefits			·		·
payable		353,651	-	_	353,651
Due to other governments		561	_	_	561
ISCAP warrants payable		608,000	_	_	608,000
ISCAP accrued interest					
payable		10,606		-	10,606
Deferred revenue:				•	
Succeeding year		1 5/0 200		000 160	1 000 ===
property tax	•	1,540,302	-	298,469	1,838,771
Other		165,428		41,357	206 <b>,</b> 785
TOTAL LIABILITIES	2	2,844,876	2,707	340,531	3,188,114
Unreserved fund balances		107,533	507,665	300,552	915,750
TOTAL LIABILITIES AND FUND BALANCES	\$ 2	2,952,409	510,372	641,083	4,103,864

## CENTRAL COMMUNITY SCHOOL DISTRICT RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS June 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds

Long-term liabilities, including notes payable, compensated absences payable and termination benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds

(107,012)

Net assets of governmental activities (page 17)

## CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2008

•			Capital		
D		General	Projects	Nonmajor	Total
Revenues: Local sources:					
Local tax	¢	1,797,302	321,339	257,288	2,375,929
Tuition	Ψ	241,471	321,339	237,200	
Other		86,159	30,657	102 5/6	241,471
State sources		•	30,037	183,546	300,362
Federal sources		2,804,246	<del></del>	188	2,804,434
		173,505	251 006		173,505
Total revenue Expenditures:		5,102,683	351,996	441,022	5,895,701
Current:					·
Instruction:					
Regular		2,404,543	1,675	82,004	2,488,222
Special		752,180			752,180
Other		333,173	_	153,954	487,127
,		3,489,896	1,675	235,958	3,727,529
Support services:		- <u>,,, ,</u>			0,121,322
Student		147,063	_	_	147,063
Instructional staff		96,054	7,092	26,754	129,900
Administation		579,431	<b>–</b> .	26,286	605,717
Plant operation and				,	
maintenance		326,746	8,924	39,830	375,500
Transportation		294,073	9,112	75,910	379,095
	•	1,443,367	25,128	168,780	1,637,275
Non-instructional program				190	190
Other expenditures:					
Facilities acquisition		_	259 <b>,</b> 998	8,211	268,209
Long-term debt:				,	
Principal			-	49,323	49,323
Interest and fiscal				0 =00	0 400
charges		_,	_	3,733	3,733
AEA flowthrough		198,370		_	198,370
		198,370	259,998	61,267	519,635
Total expenditures		5,131,633	286,801	466,195	5,884,629
Excess (deficiency) of revenues	3	(00 050)	<b>45.105</b>	(05 , 770)	
over (under) expenditures		(28,950)	65,195	(25,173)	11,072
Other financing sources (uses):				F0 0F4	E0 0E4
Operating transfers in		_	(50.054)	53,056	53,056
Operating transfers out			(53,056)	_	(53,056)
Sale of equipment		5,575		<del></del>	<u>5,575</u>
Total other financing		5 575	(E2 OE6)	E2 0E6	E 675
sources (uses): Net change in fund balances		5,575	(53,056)	53,056	5,575
Fund balances beginning of year		(23,375)	12,139	27,883	16,647
	ф.	130,908	495,526	272,669	899,103
Fund balances end of year	φ	107,533	507,665	300,552	915,750

# CENTRAL COMMUNITY SCHOOL DISTRICT RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2008

Net change in fund balances-total governmental funds (page 21)

\$ 16,647

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets Depreciation expense

\$ 115,777 (156,206)

(40,429)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Repaid

49,323

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds. Payment of these liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets. Expenses in the Statement of Activities exceeded expenditures in the governmental funds, as follows:

Termination benefits Compensated absences

3,473 (3,498)

(25)

Change in net assets of governmental activities (page 18)

\$ 25,516

## CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF NET ASSETS PROPRIETARY FUND June 30, 2008

	School Nutrition
ASSETS	
Cash	\$ 28,575
Accounts receivable	963
Due from other governments	256
Inventories	10,489
Capital assets, net of accumulated depreciation	15,025
TOTAL ASSETS	55,308
LIABILITIES	<del></del>
Accounts payable	144
Salaries and benefits payable	436
Deferred revenue	2,881
TOTAL LIABILITIES	3,461
NET ASSETS	
Invested in capital assets	15,025
Unrestricted	36,822
TOTAL NET ASSETS	\$ 51,847

## CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND Year Ended June 30, 2008

Operating revenues:	School <u>Nutrition</u>
Local sources:	•
Charges for service	\$ 150,937
Operating expenses:	<u> </u>
Non-instructional programs:	
Food service operations:	
Salaries	99,778
Benefits	24,608
Purchased services	5,766
Supplies	132,103
Depreciation	1,960
Total operating expenses	264,215
Operating loss	(113,278)
Non-operating revenues:	(113,270)
State sources	2,878
Federal sources	92,762
Interest income	1,007
Total non-operating revenues	96,647
Net loss	·
Net assets beginning of year	(16,631)
Net assets end of year	68,478
net appear and or year	<u>\$ 51,847</u>

## CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF CASH FLOWS PROPRIETARY FUND Year Ended June 30, 2008

	School Nutrition
Cash flows from operating activities:  Cash received from sales of lunches and breakfasts  Cash paid to employees for services	\$ 150,544 (124,318)
Cash paid to suppliers for goods or services	(127,435)
Net cash used by operating activities	(101,209)
Cash flows from non-capital financing activities:	(201,205)
State grants received	2,878
Federal grants received	79,493
Net cash provided by non-capital financing activities	82,371
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(10,177)
Cash flows from investing activities:	
Interest on investments	1,007
Net decrease in cash	(28,008)
Cash beginning of year	56,583
Cash end of year	<u>\$ 28,575</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (113,278)
Adjustments to reconcile operating loss to net	
cash used by operating activities:	
Commodities used	13,013
Depreciation	1,960
Increase in accounts receivable	(45)
Increase in inventories	(1,991)
Decrease in accounts payable	(588)
Increase in salaries and benefits payable	68
Decrease in deferred revenue	(348)
Net cash used by operating activities	<u>\$ (101,209</u> )

Non-cash investing, capital and financing activities: During the year ended June 30, 2008, the District received \$ 13,013 of federal commodities.

## CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS June 30, 2008

	Private Purpose Trust Scholarship
ASSETS Cash	\$ 2,000
LIABILITIES None	
NET ASSETS Reserved for scholarships	\$ 2,000

## CENTRAL COMMUNITY SCHOOL DISTRICT STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS Year Ended June 30, 2008

	Pur	ivate rpose rust larship
Additions:		
Local sources:		
Interest income	\$	91
Deductions:		
Support services:		0.1
Scholarships awarded		91
Change in net assets		_
Net assets beginning of year		2,000
Net assets end of year	\$	2,000

## CENTRAL COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements June 30, 2008

## (1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport, Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

### A. Reporting Entity

For financial reporting purposes Central Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

## Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

## B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

<u>Fund Financial Statements</u> - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for revenues derived from the local option sales and service tax which are required by law to be accounted for in a separate fund.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District reports the following fiduciary fund:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

## C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other

revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

## D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

<u>Cash</u>, <u>Pooled Investments and Cash Equivalents</u> - The cash balances of most District funds are pooled and invested. Investments are stated at fair value

except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

<u>Property Tax Receivable</u> - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Boards of Supervisors in April 2007.

<u>Due from Other Governments</u> - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

<u>Inventories</u> - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

<u>Capital Assets</u> - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal

maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Estimated
	Useful Lives
Asset Class	(In Years)
Buildings	50
Improvements other than buildings	20
Furniture and equipment	4-15

<u>Salaries and Benefits Payable</u> - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

<u>Deferred Revenue</u> - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and lunch fees collected in advance.

<u>Compensated Absences</u> - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon

termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

<u>Long-term Liabilities</u> - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

<u>Fund Equity</u> - In the governmental fund financial statements, reservations of fund balances are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

<u>Restricted Net Assets</u> - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

## E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the support services and non-instructional programs functional areas exceeded the amounts budgeted and the District exceeded its General Fund unspent authorized budget.

## (2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

<u>Investment Rate Risk</u> - At June 30, 2008, the District had \$ 47,000 invested in certificates of deposit with maturities ranging from 3 to 336 days.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

## (3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount	
	+		
Debt Service	Capital Projects	<u>\$ 53,056</u>	

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

## (4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for each outstanding series of warrants. Bankers Trust Company, N.A. is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008 is as follows:

<u>Series</u>	Warrant Date	Final Warrant Maturity	Inves	tments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-08A	6/27/07	6/27/08	\$	0	232	0	0
2008-09A	6/26/08	6/25/09	61	2,955	232	608,000	10,6 <u>06</u>
Total			<u>\$ 61</u> 2	2,955	464	608,000	10,606

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final

date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

	В	alance			Balance
	$\mathbf{B}$	eginning	Advances	Advances	End of
<u>Series</u>	 •	of Year	Received	Repaid	Year
2007-08A	 \$	0	474,000	474,000	0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

	Interest	
	Rates on	Rates on
Series	Warrants	Investments
2007-08A	4.500%	5.448%
2008-09A	3.500%	3.469%

## (5) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning			Balance End
	Of Year	Increases	Decreases	of Year
Governmental Activities: Capital assets not being Depreciated:				
Land	\$ 101,000	0	0.	101,000
Capital assets being depreciate Buildings Furniture and equipment	2,777,290	29,485 86,292		2,806,775 1,535,394
Total capital assets being				
Depreciated	4,274,762	115,777	48,370	4,342,169
Less accumulated Depreciation for:				
Buildings	1,549,550	74,459	0	1,624,009
Furniture and equipment	1,175,134	81,747	48,370	1,208,511

Total accumulated Depreciation	_2,7	24,684	156,206	48,370	2 <u>,832,520</u>	
Total capital assets being Depreciated, net	1,5	50,078	(40,429)	0	1 <u>,509,649</u>	
Governmental activities Capital assets, net	<u>\$ 1,6</u>	51,078	(40,429)	0	1,610,649	
Business type activities: Furniture and equipment Less accumulated depreciation		63,876 57,068	10,177 1,960	0	74,053 59,028	
Business type activities Capital assets, net	<u>\$</u>	6,808	8,217	0	15,025	
Depreciation expense was charged to the following functions:						
Governmental activities: Instruction:						
Other					\$ 1,043	
Support services: Student					3,403	
Instructional staff					9,204	
Administration		C 1 (			291	
Operation and mainted Transportation	nance	of plant			2,935 64,871	
Hansportation					81,747	
Unallocated					74,459	
Total depreciation expens	se - go	overnmei	ntal activitie	s <u>§</u>	156,206	
Business type activities						
Food service operations					\$ 1,960	

### (6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

Ве	Balance ginning of			Balance End	Due Within
_	Year A	Additions F	Reductions	of Year_	One Year
Revenue notes	\$ 113,742	0	49,323	64,419	51,284
Termination Benefits	35,759	13,575	17,048	32,286	19,793
Compensated Absences	6,809	10,307	6,809	10,307	10,307
Total	\$ 156,310	23,882	73,180	107,012	81,384

### Revenue Notes

Details of the District's June 30, 2008 local option sales and service tax revenue notes are as follows:

Year	Notes Is	sued Dec 1,	<u> 2006</u>
Ending June 30,	Interest Rates Principal	Interest	Total
2009	3.90% \$ 51,284	1,772	53,056
2010	3.90 <u>13,135</u>	129	13,264
Total	<u>\$ 64,419</u>	1,901	66,320

The District has pledged future local option sales and service tax revenues to repay the \$64,419 of notes issued in December, 2006.

The local option sales and service tax revenue notes were issued for the purpose of defraying a portion of the cost of school infrastructure. The notes are payable solely from the proceeds of the local option sales and service tax revenues received by the District. The notes are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

### **Termination Benefits**

The District offers a voluntary early retirement benefit to employees who have completed twelve (12) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees must be at least half time to qualify. Employees will receive a cash payment calculated as follows: twenty percent

(20%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days.

Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement, the employee shall be eligible to participate in the school district's health insurance plan. The school district will pay up to \$ 300 per month towards this group insurance. This policy will be in effect until June 30, 2008.

At June 30, 2008, the District has obligations to ten participants with a total liability of \$32,286. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$17,048.

### (7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50603-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$ 185,537, \$ 172,065 and \$ 148,229, respectively, equal to the required contributions for each year.

### (8) Risk Management

Central Community School District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks exceeded commercial insurance coverage by nearly \$ 90,000 in 2008 due to historic flooding of the Turkey River. The District has or will receive public assistance grants to defray 100% of the estimated cost to repair the playground and athletic facilities. In addition, approval is pending with the Federal Emergency Management Agency (FEMA) for a hazard mitigation grant to relocate the District's softball complex at an estimated cost of \$ 180,000.

### (9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$ 198,370 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### (10) Related Party Transactions

The District had business transactions totaling \$ 8,995 between the District and District employees during the year ended June 30, 2008.

### (11) Construction Commitment

The District has entered into a contract totaling \$ 159,350 to reroof the elementary building. The entire balance will be paid from either the Capital Projects Fund or Special Revenue, Physical Plant and Equipment Levy Fund.

### (12) Subsequent Events

The District entered into a contract with a local nonprofit organization to provide pre-kindergarten services. The District will provide an instructor and pay to the Organization \$ 62.78 per student per month to cover the cost of meals, space and materials net the cost of the instructor. The contract is to run from August 19, 2008 until May 22, 2009 with payments to the Organization estimated to be \$ 14,125 based on an enrollment of 25 students.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
Year Ended June 30, 2008

	Balances end of year	Excess (deficiency) of revenues and other financing sources over (under) expenditures Balances beginning of year	Excess (deficiency) of revenues over (under) expenditures Other financing sources, net	Total expenditures	Other expenditures	Non-instructional programs	Support services	Expenditures: Instruction	Total revenues	Federal sources	State sources	Total Confect	Revenues:	
11	↔		l									4	<del>60</del>	Goy
	915,750	16,647 899,103	11,072 5,575	5,884,629	519,635	190	1,637,275	3,727,529	5,895,701	173,505	2.804.434	1	2,917,762	Governmental Funds Actual
	51,847	(16,631) 68,478	(16,631)	264,215	1	258,478	5,737	1	247,584	92,762	2,878		151,944	Proprietary Fund Actual
	967,597	16 967,581	(5,559) 5,575	6,148,844	519,635	258,668	1,643,012	3,727,529	6,143,285	266,267	2,807,312	,	3,069,706	Total Actual
	257,321	(469,173) 726,494	(471,673) 2,500	6,412,42/	526, 999	247,839	1,503,073	4,134,516	5,940,754	315,000	2,641,276	1,500	2,982,978	Budgeted Amounts
	710,276	469,189 241, <u>0</u> 87	466,114 3,075	203,583	/,364	(TU,829)	(139, 939)	406,987	202,531	(48,733)	166,036	(1,500)	86,728	Budgeted to Actual Variance

See accompanying independent auditor's report and notes to required supplementary information-budgetary reporting.

### Central Community School District

### Notes to Required Supplementary Information - Budgetary Reporting

### Year Ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2008, expenditures in the support services and non-instructional programs functions exceeded the amounts budgeted and the District exceeded its General Fund unspent authorized budget.

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS June 30, 2008

FUND EQUITY \$	Total liabilities Unreserved fund balances	Succeeding year property tax Other	LIABILITIES AND FUND EQUITY Liabilities: Accounts payable Peferred revenue:	ASSETS Cash Receivables: Property tax: Pelinquent Succeeding year Due from other governments
\$ 271,279	198,000 73,279	198,000	t	Xanage- ment Levy \$ 70,835 \$ 70,835 \$ 2,444 198,000 - \$ 271,279
155,506	155,506	1 1	,l	Special Revenue Student Activity 155,506
214,298	142,531 71,767	100,469 41,357	705	Physical Plant and Equipment Levy 70,298 2,174 100,469 41,357 214,298
I	, I I	.1 1	ţ	Debt Service
641,083	340,531	298,469 41,357	705	Total 296,639 4,618 298,469 41,357 641,083

Schedule 2

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONNKAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	Manage- ment Levy	Special Revenue Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Revenues: Local sources:					2
Local tax	\$ 120,087	170 270	137,201	1 1	183,546
Other	7016	_ 	89 1	ı	188
State sources Total revenues	129,345	170,320	141,357		441,022
Expenditures:					
Current:					
Instruction:				ı	ກ ວ
Regular	82,004		1		152 054
Other	1	153,954	1	ı	HCK CCT
Support services:	I	ı	26,754	ı	26,754
Administration	26,286			ı	26,286
Plant operation and			2		20
maintenance	38,345	ı	1,485	•	25,030
Transportation	4,139	1	71,771	ı	016'57
Non-instructional programs	1	ı	190	1	T40
Other expenditures:	ı	1	8.211	ı	8,211
Long-term debt:			4 <b>9</b>		
Principal	1	1	1	49,323	49,323
Interest and fiscal	1	ı	t	7,733	3.733
charges Total expenditures	150,774	153,954	108,411	53,056	466,195
Excess (deficiency) of revenues over (under) expenditures	(21,429)	16,366	32,946	(53,056)	(25,173)
Other financing sources:	ı	ı	1	53,056	53,056
Excess (deficiency) of revenues and other financing sources					 
over (under) expenditures  Fund balances beginning of year	(21,429) 94,708	16,366 139,140	32,946 38,821	1 1	27,883 272,669
Fund balances end of year	\$ 73,279	155,506	71,767	ı	300,552

See accompanying independent auditor's report.

# CENTRAL COMMUNITY SCHOOL DISTRICT SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS Year Ended June 30, 2008

	Balance Beginning			Balance End of
Account	of Year	Revenues	Expenditures	Year
Operations	\$ 110,298	6,677	14,584	102,391
Reading is Fundamental	2,344	1,725	1,028	3,041
Elementary Fundraisers	6,367	11,263	8,829	8,801
Elementary Activities	151	_	-	1.51
Entrepreneurs	84	-	_	84
Drama	39	3,899	3,284	654
Speech	_	899	899	_
Music Department Dry Cleaning	2,859	1,077	1,839	2,097
Vocal Music	_	1,641	1,641	
Instrumental Music	_	899	899	_
Junior High Athletics	(4,424)	6 <b>,</b> 607	2,183	_
Co-ed Athletics	18,938	<del>-</del>	14,188	4,750
Track	(2,004)	3,855	1,851	. —
Cross Country	(250)	1,214	964	_
Golf	(1,211)	1,691	480	
Basketball-boys	(1,685)	3,384	1,699	-
Football	(7,571)	12,289	4,718	_
Baseball	(4,572)	6,953	2,381	_
Wrestling	(2,969)	8,245	5 <b>,</b> 276	_
Basketball-girls	(1,684)	3,694	2,010	_
Volleyball	(2,951)	4,194	1,243	_
Softball	(4,661)	7,353	2,692	-
Football Club	358	360	200	518
Softball Club	1,177	-	865	312
Basketball Club	1,325	743	1,133	935
Baseball Club	2,157	_	1,125	1,032
FFA	741	<b>←</b>	_	741
FCCLA	29	_	-	29
Mentors	280	_	_	280
National Honor Society	462		431	31
Media	1,652	3,242	2,212	2,682
Yearbook	1,548	7,700	7,976	1,272
Athletic Boosters	5 <b>,</b> 573	29,386	28,513	6,446
Student Council	477	849	565	761
Letterwinners	54	_	-	54
Spanish Club	3,448	11,282	7,964	6,766
Drama Club	468	_	_	468
Volleyball Club	1,223	1,454	1,075	1,602
Cheerleaders	794	1,994	1,944	844
Class of 2011	_	3,438	1,998	1,440

(continued)

## CENTRAL COMMUNITY SCHOOL DISTRICT SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNT Year Ended June 30, 2008

	Balance Beginning			Balance End of
Account	of Year	Revenues	Expenditures	Year
Class of 2010	368	7,220	4,353	3,235
Class of 2009	3,687	7,674	8,893	2,468
Class of 2008	1,456	1,100	1,855	701
Previously Graduated Classes	2,241	_	2,241	<del>-</del>
Milk/Juice Sales	990	2,558	3,548	_
Soft Drink/Juice Sales	1,534	2,721	4,255	<b>-</b>
Wrestling Club	_	255	120	135
KRA		785	_	785
Total	\$/139,140	170,320	153,954	155,506

See accompanying independent auditor's report.

### CENTRAL COMMUNITY SCHOOL DISTRICT SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION ALL GOVERNMENTAL FUNDS For the Last Four Years

		Modified Acc	rual Basis	
	2008	2007	2006	2005
Revenues:	· · · · · · · · · · · · · · · · · · ·			
Local sources:				
Local tax	\$ 2,375,929	2,297,859	2,105,807	2,237,329
Tuition	241,471	241,353	221,079	185,009
Other	300,362	245,550	191,932	175,084
Intermediate sources	-	-	1,330	1,509
State sources	2,804,434	2,534,176	2,504,532	2,495,563
Federal sources	173,505	211,282	171,406	196,002
Total	\$ 5,895,701	5,530,220	5,196,086	5,290,496
Expenditures:	•			
Instruction:				
Regular	\$ 2,488,222	2,350,560	2,261,741	2,212,440
Special	752,180	654,103	572,937	484,282
Other	487,127	461,004	429,072	518,944
Support services:	<b>, .</b>	,	,,	J_0,5 //
Student	147,063	137,099	132,861	126,412
Instructional staff	129,900	128,973	160,749	156,287
Administration	605,717	595,943	505,812	479,063
Plant operation and	,	,	,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
maintenance	375,500	382,394	379,627	366,882
Transportation	379,095	309,339	298,568	253,009
Non-instructional programs	190	_	_	
Other expenditures:				
Facilities acquisition	268,209	373,258	131,181	216,419
Long-term debt:	•		,	,>
Principal	49,323	36,762	_	
Interest and	•	,	•	
fiscal charges	3,733	4,657	-	_
AEA flowthrough	198,370	186,279	180,395	180,137
Total	\$ 5,884,629	5,620,371	5,052,943	4,993,875
				, ,

See accompanying independent auditor's report.

### Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

### STEVEN S. CLAUSEN, CPA

124A Main • P.O. Box 359 Elkader, Iowa 52043 (563) 245-2154 • (800) 310-2154

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Central Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 16, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered Central Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Central Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency which we also consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Central Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Central Community School District's financial statements that is more than inconsequential will not be prevented or detected by Central Community School District's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Central Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's response, we did not audit Central Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community School District and other parties to whom Central Community School District may report. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

January 16, 2009

Dietz, Donald & Company, CPAs

FEIN 42-1172392

### CENTRAL COMMUNITY SCHOOL DISTRICT SCHEDULE OF FINDINGS Year Ended June 30, 2008

### Part I: Findings Related to the Financial Statements:

#### SIGNIFICANT DEFICIENCIES

I-A-08 <u>Financial Reporting</u> - As is common in small organizations, the District does not prepare its financial statements, complete with notes, in accordance with U.S. generally accepted accounting principles. Accordingly, the District is unable to, and has not established internal controls over the preparation of financial statements.

<u>Recommendation</u> - As part of the audit, we have been requested to prepare a draft of the District's financial statements, including related notes. The District then performs a review of the financial statements. However, in order to provide improved oversight of the financial preparation services and implement controls over the financial reporting process, the District should establish review policies and procedures including the performance of some or all of the following:

- Review the adequacy of financial statement disclosures.
- Review and approve schedules and calculations supporting amounts included in the notes to the financial statements
- Apply analytical procedures to the draft financial statements.
- Apply other procedures as considered necessary by the District.

<u>Response</u> - We will attempt to establish statement review procedures using administrative personnel and the District's audit committee

Conclusion - Response accepted.

### **INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

### CENTRAL COMMUNITY SCHOOL DISTRICT SCHEDULE OF FINDINGS Year Ended June 30, 2009

### Part II: Other Findings Related to Required Statutory Reporting:

II-A-08 Certified Budget - Expenditures for the year ended June 30, 2008 exceeded the certified budget amounts in the support services and non-instructional programs functions. The District also exceeded its unspent authorized budget for the year ended June 30, 2008 by approximately \$37,000.

<u>Recommendation</u> - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.

<u>Response</u> - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We have contacted the Iowa Department of Education and the School Budget Review Committee and are working with them to resolve the issue regarding the unspent authorized budget.

Conclusion - Response accepted.

- II-B-08 <u>Questionable Disbursements</u> No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 15, 1979 were noted.
- II-C-08 <u>Travel Expenses</u> No disbursements of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-08 <u>Business Transactions</u> Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Transaction
Business Connection Description Amount

Raymond Piorkowski, spouse of District Secretary/Treasurer and Business Manager, Employee of Elkader Carpet and Design Center, Inc.

Paul Olson, spouse of janitor, owner of

Carpet \$ 5,741

Olson Appliance	Repairs	415
Ron Engelhardt, spouse of cook, Owner of R&R Dairy	Food	2,839
		<b>\$</b> 8,995

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest.

- II-E-08 Bond Coverage Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-08 <u>Board Minutes</u> No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-G-08 <u>Certified Enrollment</u> No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-08 <u>Deposits and Investments</u> No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-08 <u>Certified Annual Report</u> The Certified Annual Report was certified with the Department of Education timely.
- II-J-08 Revenue Notes No instances of non-compliance with the revenue note resolution were noted.